August 30, 2017

From:

Alex Nguyen 1050 Kiely Blvd. #2608 Santa Clara, CA 95055

To:

Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 12th Street, SW Washington, DC 20554 *Via ECFS* 

Re: "Restoring Internet Freedom" (WC Docket No. 17-108)

Dear Ms. Dortch:

Food. Water. Internet: We need it to live.<sup>1</sup>

I respectfully submit this reply comment on the proposal in the above-captioned proceeding.

As noted by Paragraph 98 of the NPRM, I filed a formal complaint asserting that Verizon Wireless ("Verizon") violated the Open Internet rules by interfering with customers' ability to use the devices and applications of their choice and edge providers' ability to make the devices and applications of their choice available to customers.<sup>2</sup> Like my initial comment on July 17, 2017, this reply comment will focus on my personal knowledge and experience with Verizon and the formal complaint process.

First, the Free State Foundation feels the Commission should presume broadband Internet access service (BIAS) providers "behave in ways that foster competition and enhance consumer

<sup>1</sup> AT&T, Commercial, <a href="https://www.ispot.tv/ad/wAt9/">https://www.ispot.tv/ad/wAt9/</a> (May 5, 2017)

<sup>2</sup> *Alex Nguyen v. Verizon Wireless* ("Complaint"), Docket No. 16-242, Bureau ID Number EB-16-MD-003 (filed July 26, 2016)

welfare."<sup>3</sup> However, decades of evidence show BIAS providers have the incentive and ability to limit competition and harm consumer welfare. I submit the following non-exhaustive list of examples into the record:

To prevent customers from bypassing Verizon's tolls for its Pix Messaging and Get It

Now services, Verizon disabled Bluetooth and USB features Motorola built into its v710 phone
and speciously claimed crippling the features was a "fraud prevention" tactic:

But Verizon disabled the phone's Bluetooth file-transfer function, so you can't wirelessly transfer photos to your PC without using the carrier's for-pay Pix Messaging service. Verizon also disabled the built-in Bluetooth Serial Port function, so you have to buy a \$39.99 USB cable to sync the phone with your PC. ... But even with the USB cable, you can't get photos off the phone or transfer files between the phone and your PC. Verizon says that crippling Bluetooth implementation is a "fraud prevention" tactic to prevent strangers from sending unsolicited text messages to your phone. Whatever.<sup>4</sup>

In an interview with computer security expert Jonathan Zdziarski, Verizon continued to allege the existence of a vague "security issue" but accidentally admitted that allowing customers to use features not developed by Verizon without paying Verizon doesn't work with Verizon's business model:

Verizon does business unlike any other carrier, and we make no apologies for that. ... [Those features] don't work with our business model. Every customer is certainly entitled to their own feelings.<sup>5</sup>

After customers sued Verizon, the carrier acknowledged its position as gatekeeper:

"It's always the carrier's decision how a phone will reach the market and what form it will take," said Brenda Raney, the spokeswoman.<sup>6</sup>

<sup>3</sup> Free State Foundation Comment at 48

<sup>4</sup> Sascha Segan, *Motorola V710 Review & Rating*, https://www.pcmag.com/article2/0,2817,1639783,00.asp (August 26, 2004)

Jonathan A. Zdziarski, *The Motorola v710: Verizon's New Crippled Phone*, <a href="https://web.archive.org/web/20060703041009/http://www.nuclearelephant.com/papers/v710.html">https://web.archive.org/web/20060703041009/http://www.nuclearelephant.com/papers/v710.html</a> (July 3, 2006)

<sup>6</sup> Christopher Rhoads, *Cellphone Users Sue*, *Saying Carrier Cut Phone's Features*, <a href="https://www.wsj.com/articles/SB110557581692624772">https://www.wsj.com/articles/SB110557581692624772</a> (January 13, 2005)

Later, Verizon admitted it blocked the features because the open architecture of Bluetooth would allow customers to download applications from sources other than Verizon.<sup>7</sup> The carrier paid \$12,200,000 to settle with the plaintiffs<sup>8</sup> but continued to disable features. For example, Verizon blocked features that would allow customers to download ringtones, images, and videos from sources other than Verizon. Motorola confirmed:

If you are a Verizon customer, all multimedia and internet connection features in this software will be disabled due to carrier request.<sup>9</sup>

To compel customers to purchase "approved" ringtones Verizon claims are "optimized for use on the Verizon Wireless network," the carrier blocked customers from downloading ringtones from sources other than Verizon:

Can I download ringtones from other websites directly to my phone?

No. The ringtone apps offered through Media Center have approved tones that have been optimized for use on the Verizon Wireless network.<sup>10</sup>

For devices like the Palm Treo 700w, Verizon disabled built-in tethering features and charged \$60.00/month to re-enable them. Russ Brankley, director of data network services at the carrier, alleged that these devices didn't meet unspecified "requirements" but refused to provide evidence, claiming that such information is "proprietary":

According to Verizon, the Treo doesn't currently meet requirements they specify for their network.... He said that the currently-sold V CAST phones do not properly interact with their network when used as a modem, but refused to cite

<sup>7</sup> Shelley Solheim, *Verizon Wireless Users Sue Over Disabled Bluetooth Features*, <a href="http://www.eweek.com/mobile/verizon-wireless-users-sue-over-disabled-bluetooth-features">http://www.eweek.com/mobile/verizon-wireless-users-sue-over-disabled-bluetooth-features</a> (January 14, 2005)

<sup>8</sup> Verizon Wireless, V710 Settlement, <a href="https://www.verizonwireless.com/b2c/footer/legalNotices/v710.jsp">https://www.verizonwireless.com/b2c/footer/legalNotices/v710.jsp</a> (March 21, 2006)

<sup>9</sup> David Berlind, *Buyer Beware: Verizon Wireless and Sprextel disabling features on handsets they sell*, <a href="http://www.zdnet.com/article/buyer-beware-verizon-wireless-and-sprextel-disabling-features-on-handsets-they-sell/">http://www.zdnet.com/article/buyer-beware-verizon-wireless-and-sprextel-disabling-features-on-handsets-they-sell/</a> (August 2, 2006)

<sup>10</sup> Verizon Wireless, *Media Center FAQs*, <a href="https://www.verizonwireless.com/support/mediastore-faqs/">https://www.verizonwireless.com/support/mediastore-faqs/</a> (March 16, 2016)

examples, claiming that such information is proprietary.<sup>11</sup>

Verizon threatened to block BlackBerry devices after Research in Motion allowed customers to use Web browsing and instant messaging applications without giving Verizon the opportunity to disable them or impose tolls for using them.<sup>12</sup>

To compel customers to pay \$9.99/month for its VZ Navigator service, Verizon blocked third-party access to GPS capabilities built into Windows Mobile, <sup>13</sup> BlackBerry, <sup>14</sup> and Palm<sup>15</sup> devices. Verizon admitted as much:

Although the spokesperson stated that "we do not intend to have a monopoly on GPS with Navigator for our devices," she admitted that Verizon generally disables support for plain, old, standalone GPS in the smartphones that it uses. That effectively locks out GPS programs created without Verizon's participation.<sup>16</sup>

<sup>11</sup> James M. Turner, *Verizon Prevents Treo Use As 3G Modem*, <a href="http://www.informationweek.com/verizon-prevents-treo-use-as-3g-modem/d/d-id/1039511">http://www.informationweek.com/verizon-prevents-treo-use-as-3g-modem/d/d-id/1039511</a> (January 12, 2006)

<sup>12</sup> Jacquie McNish, Sean Silcoff; *Losing the Signal: The Untold Story Behind the Extraordinary Rise and Spectacular Fall of BlackBerry*; New York, NY; Flatiron Books, 2015, p. 114 ("The unique connection gave RIM a back door to sneak in services carriers wouldn't allow. In the mid-2000s RIM began shipping BlackBerrys secretly loaded with sleeper applications. Carriers and customers had no idea the applications existed until RIM sent an alert to BlackBerry users about a software upgrade. Hidden within the digital transmission was a file that unlocked the applications on the device—a Web browser and links to popular instant messaging services.... Verizon threatened to pull BlackBerry from all retail channels.")

<sup>13</sup> Dieter Bohn, Brian Hart, HobbesIsReal, Malatesta, George Ponder, Nick Gebhardt, Phil Nickinson, Tim Ferrill; *Help us Save GPS on Windows Mobile*; <a href="https://www.windowscentral.com/help-us-save-gps-windows-mobile">https://www.windowscentral.com/help-us-save-gps-windows-mobile</a> (January 3, 2009) ("What do we mean by 'locked down'? We mean that GPS is there, fully functional, yet hidden from the OS and third party applications by the carrier.... Verizon is by far the worst player in this little lock-down game, but the other carriers aren't innocent either.")

<sup>14</sup> James Kendrick, *Verizon gets me again with a disabled feature*, <a href="https://gigaom.com/2007/07/01/verizon-gets-me/">https://gigaom.com/2007/07/01/verizon-gets-me/</a> ('The BlackBerry 8830 smartphone as released by Verizon has had this "full" GPS capability disabled at a software level. Verizon has indicated that they plan to release their own proprietary GPS mapping solution at a later time; possibly VZ Navigator. AT&T and T-Mobile have both taken similar routes with their 8800 series handhelds; locking out GPS access for 3rd party programs and only enabling access to the built-in receiver to the TeleNav program that they sell themselves.')

<sup>15</sup> Jonathan I. Ezor, *Verizon Wireless to customers: GPS issue? What GPS issue?* <a href="http://www.webosnation.com/verizon-wireless-customers-gps-issue-what-gps-issue">http://www.webosnation.com/verizon-wireless-customers-gps-issue-what-gps-issue</a> (September 14, 2010)

<sup>16</sup> Lincoln Spector, Verizon Locks Out GPS Competition, Customers Complain,

To prevent users from saving money by shifting calls away from Verizon's voice network, Verizon crippled Skype for Verizon users. The carrier blocked calling over Wi-Fi networks and rated Skype calls as minutes on Verizon's voice network:

Verizon's brand of Skype, which rolled out to BlackBerries and Android phones on their network in March, uses the smartphone's voice line to make calls rather than a data connection. When you use Skype to call a domestic phone number, you incur monthly minutes on Verizon just like a normal call. What's the point?... Even worse, if you even have Wifi enabled, Skype won't open on a Verizon phone. ... This is Verizon after all. They make the rules. If you want to play on Verizon's network, you play by their rules, which aren't going to be consumer friendly in any way, shape or form.<sup>17</sup>

Verizon disabled tethering features built into devices by device providers (not Verizon) and compelled customers to pay \$30.00/month to re-enable them by blocking third-party tethering applications. The carrier even blamed Google:

A spokeswoman at Verizon suggested that any blocking of the free tethering apps is done by Android OS developer Google. However, she wouldn't say whether Google was doing so at the behest of Verizon or the other carriers.

"Google is ultimately responsible for what is in the marketplace," the Verizon spokeswoman said.<sup>18</sup>

After the Enforcement Bureau investigated, Verizon continued to deny responsibility but shifted blame to the actions of "one employee." <sup>19</sup>

http://www.pcworld.com/article/161019/verizon locks out gps competition.html (March 10, 2009)

- 17 Seth Weintraub, *Why Verizon and Skype's backdoor deal hurts Android*, <a href="http://fortune.com/2010/08/21/why-verizon-and-skypes-backdoor-deal-hurts-android/">http://fortune.com/2010/08/21/why-verizon-and-skypes-backdoor-deal-hurts-android/</a> ("Verizon's brand of Skype, which rolled out to BlackBerries and Android phones on their network in March, uses the smartphone's voice line to make calls rather than a data connection. When you use Skype to call a domestic phone number, you incur monthly minutes on Verizon just like a normal call. What's the point?")
- 18 Matt Hamblen, *Free Android tethering apps blocked by most carriers*, <a href="http://www.computerworld.com/article/2508454/mobile-wireless/free-android-tethering-apps-blocked-by-most-carriers.html">http://www.computerworld.com/article/2508454/mobile-wireless/free-android-tethering-apps-blocked-by-most-carriers.html</a> (May 3, 2011)
- 19 Brian X. Chen, *F.C.C. Forces Verizon to Allow Android Tethering Apps*, <a href="https://bits.blogs.nytimes.com/2012/07/31/fcc-verizon-tethering/">https://bits.blogs.nytimes.com/2012/07/31/fcc-verizon-tethering/</a> ("Rich Young, Verizon's director of media relations for human resources issues, sent a statement late Tuesday saying that the company had not blocked customers from using third-party apps. The company

To compel customers to use Isis Wallet, a Verizon-backed mobile payment application, the carrier blocked Google Wallet, a competing application:

Google Inc. said it would bow to a demand by Verizon Wireless, the nation's largest cellphone operator, and withhold Google's mobile payment technology from devices sold by the carrier....

Google claims Verizon is blocking its Google Wallet mobile payments app from being pre-loaded on its newest smartphone or being downloaded by consumers themselves.<sup>20</sup>

Verizon claimed technical reasons for blocking Google Wallet but accidentally admitted Verizon wouldn't allow Google to make the application available to customers without "commercial discussions."<sup>21</sup>

Second, some commenters feel the Commission should eliminate the formal complaint process and/or shift burdens from BIAS providers to complainants. The Wireless Internet Service Providers Association (WISPA) feels the Commission should "eliminate the formal complaint process altogether." ADTRAN feels that "there is no need for any special formal complaint procedures applicable just to Open Internet issues" and that any complaints with regard to such issues can be resolved under the current Part 1 procedures. The Free State Foundation feels that in reviewing and adjudicating complaints, the Commission should shift the evidentiary burden of

alluded to the actions of one employee who had been communicating with Google's Android app store operator about the tethering apps.")

<sup>20</sup> Amir Efrati, Anton Troianovski; *Verizon Blocks Google Wallet on New Smartphones*; <a href="https://www.wsj.com/articles/SB10001424052970204770404577081610232043208">https://www.wsj.com/articles/SB10001424052970204770404577081610232043208</a> (December 11, 2011)

<sup>21</sup> Seth Weintraub, *Verizon issues new statement on Google Wallet*, "continuing discussions with Google" <a href="https://9to5google.com/2011/12/06/verizon-issues-new-statement-on-google-wallet-may-cave-to-pressure/">https://9to5google.com/2011/12/06/verizon-issues-new-statement-on-google-wallet-may-cave-to-pressure/</a> ["OUR Phones?" The Google Galaxy Nexus is now a Verizon phone, not a Google phone. So the Verizon iPhone isn't Apple's either it would seem.... Then to make the obvious more obvious, Verizon slips up in the final sentence. Right after saying the Wallet blockade is a technical issue ("needs to be integrated into a new, secure and proprietary hardware element"), they say that Verizon and Google are continuing COMMERCIAL (not technical) discussions about the app.]

<sup>22</sup> WISPA Comment at 46

<sup>23</sup> ADTRAN Comment at 31

rebutting the "presumption of reasonableness" (debunked above) from BIAS providers to complainants like me.<sup>24</sup>

I oppose eliminating the formal complaint process for violations of the Open Internet rules; however, if the Commission eliminates the Part 8 procedures, the Commission should amend its Part 1 procedures to recognize that complainants are likely to be consumers (like me) or small edge providers with limited resources. I concur with the 2010 Open Internet Order: "Once a complainant makes a *prima facie* showing that an open Internet rule has been violated, the burden should shift to the broadband provider to demonstrate that the challenged practice is reasonable. This approach is appropriate in the context of certain open Internet complaints, when the evidence necessary to apply the open Internet rules is predominantly in the possession of the broadband provider." In the complaint I brought against Verizon, I made a *prima facie* showing that the carrier violated the Commission's rules, but with much information predominantly in Verizon's possession, the carrier felt empowered to make highly specious and verifiably false claims:

<sup>24</sup> Free State Foundation Comment at 48–49

<sup>25 30</sup> FCC Rcd. 5713 ¶ 252 (2015) ("Although comparable to the section 208 formal complaint rules, the open Internet rules are less burdensome on complainants, who in this context are likely to be consumers or small edge providers with limited resources.") (Internal citations omitted.)

<sup>26 25</sup> FCC Rcd. 17988 ¶ 157 (2010) (Internal citations omitted.)

Verizon	Facts
To explain its blocking of third-party Nexus 6 devices for 29 weeks, Verizon absurdly claims Google didn't have the ability to deliver software to Google devices (until Verizon and Google "worked together to develop a solution"). <sup>27</sup>	Obviously, Google already had a solution (the Internet) to deliver software to Google devices. <sup>28</sup>
Verizon insists it had to block the same models Verizon was selling because it couldn't ensure that Voice over LTE worked. <sup>29</sup>	Voice over LTE didn't work on the Verizon-exclusive Droid Turbo at release and remained buggy for months, <sup>30</sup> yet Verizon released the Droid Turbo anyway.

https://web.archive.org/web/20141227095521/https://support.google.com/nexus/answer/4457 705 ("Nexus 4, Nexus 5, Nexus 6, Nexus 7, Nexus 9, and Nexus 10 devices receive the latest version of Android directly from Google.")

<sup>27</sup> Verizon, Answer to Complaint ("Answer"), Legal Analysis at 28 (September 22, 2016) ("Google initially was unable to provide a means for delivering the necessary software that met Verizon's technical standards to versions of the Nexus 6 purchased from other sources. After the initial launch of the device, however, Verizon and Google worked together to develop a solution to deliver the necessary software to those devices."); Answer ¶ 131 ("The fact that Google was able to deliver software to the Asus Nexus 7 tablets that allowed them to work on the Verizon network is irrelevant to its ability to deliver software necessary to allow the Nexus 7 to work on Verizon's network.")

<sup>28</sup> Jake Smith, *Verizon is blocking Google Wallet on Galaxy Nexus*, <a href="https://9to5google.com/2011/12/05/verizon-is-blocking-google-wallet-likely-because-of-isis-partnership/">https://9to5google.com/2011/12/05/verizon-is-blocking-google-wallet-likely-because-of-isis-partnership/</a> ("The Verizon Galaxy Nexus will receive its updates directly from Google, not a carrier. But Google caved to Verizon and blocked Wallet from the device. The reason Verizon has chosen to kick Wallet out of the device is likely because of their recent creation of a new mobile payment project called ISIS."); Jerry Hildenbrand, *Nexus 7 LTE getting Verizon compatibility update*, <a href="https://www.androidcentral.com/nexus-7-lte-getting-verizon-compatibility-update">https://www.androidcentral.com/nexus-7-lte-getting-verizon-compatibility-update</a> (February 12, 2014) ('Your LTE-equipped Nexus 7 should be seeing an update today that adds "Full compatibility with Verizon's 4G LTE network" — though plenty of people are using it with no issues and no update.'); Google, *Android updates: Nexus & Google Play edition devices*,

<sup>29</sup> Verizon, Answer ¶ 52

<sup>30</sup> Kellen Barranger, *FYI: DROID Turbo Can't Currently do Simultaneous Voice and Data*, <a href="https://www.droid-life.com/2014/10/30/fyi-droid-turbo-cant-currently-do-simultaneous-voice-and-data/">https://www.droid-life.com/2014/10/30/fyi-droid-turbo-cant-currently-do-simultaneous-voice-and-data/</a>; *Minor DROID Turbo 21.44.12 Update Fixes a Couple of Bugs, Here is the Changelog*, <a href="https://www.droid-life.com/2015/02/23/minor-droid-turbo-21-44-12-update-fixes-a-couple-of-bugs-here-is-the-changelog/">https://www.droid-life.com/2015/02/23/minor-droid-turbo-21-44-12-update-fixes-a-couple-of-bugs-here-is-the-changelog/</a> ("The update is indeed software version 21.44.12 and it fixes three bugs. Those three bugs involve call volumes, the email application, and the DROID Command Center Widget. Verizon's list of changes doesn't even mention VoLTE or Advanced Calling 1.0.")

Verizon Facts

Verizon insists it disables Apple SIMs because "the GSMA industry standards for smartphones and tablets that Verizon follows do not provide for accommodation and support of a nonstandard, proprietary, embedded SIM."<sup>31</sup>

Verizon's sudden flash of standards religion is farcical: Verizon's implementation of VoLTE is proprietary, Verizon's "certification" process is proprietary, <sup>32</sup> and Verizon's 5G development is "going the opposite way of what would be considered international standardization." Apple SIMs are supported in more than 140 countries and regions by (standards-following) GSMA members like AT&T, Deutsche Telekom, EE, GigSky, KDDI, SmarTone, SoftBank, Sprint, T-Mobile, Three, and Truphone.

In spite of 47 CFR § 27.16(e), which states, "No licensee may disable features on handsets it provides to customers," Verizon claims disabling Apple SIMs on iPads Verizon provides to customers is a "reasonable technical requirement" for accessing its network.<sup>34</sup>

Requiring usage of a Verizon-specific SIM to access Verizon's network does *not* require disabling the Apple SIM for accessing *other carriers' networks*. Apple employees familiar with carrier relations confirmed the obvious: Verizon disables Apple SIMs because Verizon doesn't want to leave enabled a feature that makes switching carriers easier.<sup>35</sup>

<sup>31</sup> Verizon, Responses to Complainant's Interrogatories at 8 (April 21, 2017)

<sup>32</sup> James M. Turner, *Verizon Prevents Treo Use As 3G Modem*, <a href="http://www.informationweek.com/verizon-prevents-treo-use-as-3g-modem/d/d-id/1039511">http://www.informationweek.com/verizon-prevents-treo-use-as-3g-modem/d/d-id/1039511</a> (January 12, 2006) ("According to Verizon, the Treo doesn't currently meet requirements they specify for their network ... but refused to cite examples, claiming that such information is proprietary.")

<sup>33</sup> Jamie Davies, 5*G* still has a risk of specification fragmentation, <a href="http://telecoms.com/478151/5g-still-has-a-risk-of-specification-fragmentation/">http://telecoms.com/478151/5g-still-has-a-risk-of-specification-fragmentation/</a> (December 8, 2016); Dean Bubley, 5*G*: Industry Politics, Use-Cases & a Realistic Timeline, <a href="https://www.linkedin.com/pulse/5g-industry-politics-use-cases-realistic-timeline-dean-bubley">https://www.linkedin.com/pulse/5g-industry-politics-use-cases-realistic-timeline-dean-bubley</a> (October 28, 2016); Monica Alleven, Verizon's version of 5*G* not compatible with 3*GPP*'s current specs – or easily upgradeable: report, <a href="http://www.fiercewireless.com/tech/verizon-s-version-5g-not-compatible-3gpp-s-current-specs-or-easily-upgradeable-report">http://www.fiercewireless.com/tech/verizon-s-version-5g-not-compatible-3gpp-s-current-specs-or-easily-upgradeable-report</a> (October 28, 2016)

<sup>34</sup> Verizon, Responses to Complainant's Interrogatories at 7–8 (April 21, 2017)

<sup>35</sup> Ina Fried, *Latest iPad Pro Makes It Even Easier to Switch Wireless Carriers*, <a href="https://www.recode.net/2016/3/22/11587182/latest-ipad-pro-makes-it-even-easier-to-switch-wireless-carriers">https://www.recode.net/2016/3/22/11587182/latest-ipad-pro-makes-it-even-easier-to-switch-wireless-carriers</a> ("Once again, though, while Apple is trying to give users easy built-in options, not all service providers are keen on the notion.... Verizon, meanwhile, will require a separate SIM card and disable the built-in embedded Apple SIM on the iPads it sells.")

Verizon	Facts
To justify its imposition of discriminatory pricing on third-party devices, <sup>36</sup> Verizon claims service pricing for its Nationwide and MORE Everything plans did not reflect the cost of device subsidies. <sup>37</sup>	To the SEC and investors, Verizon confirms its service pricing reflected the cost of device subsidies. <sup>38</sup> The FCC, Wall Street Journal, and Reuters recognized the obvious. <sup>39</sup>
Verizon denies it blocked FM radio features. <sup>40</sup>	Verizon pushed software that removes and "purposefully blocks" FM radio features. <sup>41</sup>

- 36 Shawn De Cesari, [Shocker] Even After Launching The Nexus 6, Verizon Still Won't Officially Activate One That Wasn't Purchased From The Carrier, <a href="http://www.androidpolice.com/2015/03/28/shocker-even-after-launching-the-nexus-6-verizon-still-wont-officially-activate-one-that-wasnt-purchased-from-the-carrier/">http://www.androidpolice.com/2015/03/28/shocker-even-after-launching-the-nexus-6-verizon-still-wont-officially-activate-one-that-wasnt-purchased-from-the-carrier/</a> ("So, if you want the privilege of using a non-Verizon device on its network, you could be stuck paying a full \$40 monthly access fee on top of your data plan, rather than \$15 or \$25 as you would with a recognized device.")
- 37 Verizon, Answer ¶ 59–60, 62, 67 (September 22, 2016)
- 38 Verizon Communications Inc., SEC Form 10-K for the fiscal year ended December 31, 2015 at 7 ("Wireless providers recovered those subsidies through higher service fees."); Fran Shammo, Verizon Communications Inc Earnings Call, Q3 2015 ("What we have said going forward is, look, the better measurement here is not service margin EBITDA but regular EBITDA percent on total revenue because that kind of normalizes out the fact that we are now recording 100% of the revenue upfront for the sale of the equipment rather than a subsidy and then recouping that through service pricing over a period of time.")
- 39 Fourteenth Annual Wireless Competition Report, 25 FCC Rcd. 11593–11594 ¶ 312–314 (2010) ("However, when customers bring an unlocked device to a postpaid plan, they generally do not ... receive a lower-priced service plan that would reflect the fact that the provider does not have to recoup the cost of the subsidy."); Thomas Gryta, Verizon to Offer More Frequent Phone Upgrades if Subscribers Forgo Subsidies, <a href="https://www.wsj.com/articles/SB10001424127887324448104578613612706427942">https://www.wsj.com/articles/SB10001424127887324448104578613612706427942</a> (July 18, 2013) ("That approach has rankled some followers of the telecom industry who argue existing service plans already bundle in the cost of hefty subsidies for smartphones. Users of the new plan, then, are effectively paying twice for their devices: the existing bundled charge for the subsidy, plus the new device financing charge."); Sinead Carew, Verizon rules out service fee changes in new phone offer, <a href="https://www.reuters.com/article/us-verizon-edge-idUSBRE96H10S20130718">https://www.reuters.com/article/us-verizon-edge-idUSBRE96H10S20130718</a> (July 18, 2013) ("Analysts said customers would effectively be paying for their smartphone twice under Verizon's plan and a similar offering announced by No. 2 U.S. mobile service provider AT&T Inc on Tuesday.")
- 40 Verizon, *Company Policies*, <a href="https://web.archive.org/web/20160907012045/https://www.verizon.com/about/responsibility/policies">https://web.archive.org/web/20160907012045/https://www.verizon.com/about/responsibility/policies</a> ("There are no requirements that prevent Verizon's handset suppliers from providing an FM radio chip in their devices.")
- 41 NextRadio, *I have an HTC One M8 on Verizon. Why did NextRadio stop working?* <a href="https://nextradioapp.zendesk.com/hc/en-us/articles/210009633-I-have-an-HTC-One-M8-on-Verizon-Why-did-NextRadio-stop-working">https://nextradioapp.zendesk.com/hc/en-us/articles/210009633-I-have-an-HTC-One-M8-on-Verizon-Why-did-NextRadio-stop-working</a> (May 17, 2017) ("Unfortunately, when Verizon pushed the Marshmallow update to their M8 phones, they appear to have removed the FM

Verizon	Facts
To explain its blocking of Samsung Pay, Verizon insists the application was "not available" for Verizon subscribers because because Verizon was extensively "testing" and "evaluating" it. <sup>42</sup>	Verizon blocked Samsung Pay over "economics" and continues to block applications like Samsung Cloud that compete against Verizon-backed applications. <sup>43</sup>

Table 1: Verizon versus Facts.

Third, I take issue with the misleading phrasing in the NPRM<sup>44</sup> and by some

commenters<sup>45</sup> that only one formal complaint citing violations of the Open Internet rules (mine)

hardware API, so NextRadio is no longer able to control the FM receiver chip."); National Association of Broadcasters, *Research Shows Increased Diversity in FM Radio on Smartphones*, <a href="https://www.nab.org/xert/sciTech/2015/RD05182015.pdf">https://www.nab.org/xert/sciTech/2015/RD05182015.pdf</a> (May 15, 2015) ("It has recently been determined that the newly released successor model, the HTC One M9, is being shipped by Verizon with a different software load, which purposefully blocks the user accessing the device's FM radio capability via a downloaded app.")

- 42 Verizon, Answer ¶ 236
- 43 Jason Del Rey, Samsung Pay Eliminates Big Hurdle by Snagging Verizon as Partner, https://www.recode.net/2015/10/21/11619830/samsung-pay-eliminates-big-hurdle-bysnagging-verizon-as-partner ('A Samsung Pay executive said this summer at a press briefing that the holdup with Verizon was over "economics," but declined to comment further.'); Walt Mossberg, Mossberg: Samsung's New Galaxy S7 Phones Are Beautiful, https://www.recode.net/2016/3/8/11586774/mossberg-samsungs-new-galaxy-s7-phones-arebeautiful ("Samsung says Verizon barred including Samsung's browser and Samsung Pay out of the box."); Kellen Barranger, Verizon's Galaxy Note 7 Another Example of Carriers Interfering for No Good Reason, https://www.droid-life.com/2016/08/22/verizons-galaxynote-7-another-example-carriers-interfering-no-good-reason/ ('I just simply cannot use it [Samsung Cloud] because Verizon decided they didn't want me to and Samsung accepted that idea.... While I'm fine with Android Pay, it's baffling to me that Samsung, who has been pushing hard to get its own mobile payment system in the hands of as many people as possible, would simply say, "Sure, you can keep Samsung Pay off your variant! Cheers, bros!" And remember, when Samsung Pay launched last year, Verizon kept it from us all as long as they could, offering up a garbage excuse about them "evaluating" it longer than anyone else on the planet needed to.... But with Samsung phones, it certainly seems like Verizon is dictating features that are included, how the UI is presented, and which services need to be left out to push Verizon's own sub-par options.'); Samsung, Using Samsung Cloud on Your Galaxy S8 and S8+, http://www.samsung.com/us/support/answer/ANS00062638/ (Samsung Cloud competes against Verizon Cloud, so Verizon made Samsung Cloud "not available for Verizon devices.")
- 44 *NPRM* at 4466 ¶ 98 ("Since these rules were formally codified in 2010, only one formal complaint has been filed under them to date.")
- 45 *E.g.*, WISPA Comment at 46 ("As the Commission suggests, the lack of formal complaints only one since the 2010 rules became effective demonstrates that the formal complaint process is not an effective tool for those alleging violations.")

has been filed since 2010. My complaint focused on violations of the "no blocking" rule and "no unreasonable interference/disadvantage" standard set forth by the 2015 Open Internet Order.

Finally, I concur with commenters who recommend that the Commission expeditiously take action on complaints. For example, WISPA recommends that the Commission render a decision on any complaint within sixty (60) days of when the broadband provider files its response to the Commission or any required supplemental information.<sup>46</sup> Even though the record clearly shows Verizon violated the Communications Act and the Commission's rules, the Commission has yet to take action on the complaint I filed thirteen months ago, and Verizon continues to disable Apple SIMs and block applications like Samsung Cloud that compete against Verizon-backed applications.

> Sincerely, Sincerery,
> West Hyup

Alex Nguyen